

APPENDIX D

PROPOSED RATE SCHEDULES

RATE SCHEDULE DSW-NTS3

**NETWORK INTEGRATION SERVICE
PACIFIC NORTHWEST-PACIFIC SOUTHWEST
INTERTIE PROJECT**

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
DESERT SOUTHWEST CUSTOMER SERVICE REGION**

**NETWORK INTEGRATION TRANSMISSION SERVICE
ON THE PACIFIC NORTHWEST-PACIFIC SOUTHWEST INTERTIE PROJECT**

Effective:

The first day of the first full billing period beginning on or after October 1, 2011, through September 30, 2016.

Available:

Within the marketing area serviced by the Pacific Northwest-Pacific Southwest Intertie Project (Intertie) transmission facilities.

Applicable:

To Network Integration Transmission Service (Network Service) customers where capacity and energy are supplied to the Intertie from designated resources, transmitted subject to the availability of the transmission capacity; and delivered, less losses, to designated points of delivery on the Intertie system specified in the network service agreement.

Character and Conditions of Service:

Alternating current at 60 hertz, three-phase, delivered and metered at the voltages and points of delivery established by the network service agreement.

Monthly Rate:

Network Service Charge: Each contractor shall be billed an amount based on the contractor's load ratio share times one-twelfth of the Intertie annual revenue requirement. The load ratio

share will be determined by the contractor's coincidental peak load averaged with the coincidental peak loads of the previous 11 months divided by the average Intertie system peak for the same time period.

Revenue Requirement:

The projected annual revenue requirement allocated to transmission for FY 2012 for the Intertie is \$27,906,604. Based on updated financial and load data, a recalculated revenue requirement will go into effect on October 1 of each year during the effective rate schedule period.

Adjustments for Ancillary Services:

Network Service is offered under the Open Access Transmission Tariff and contractors are responsible for all ancillary services set forth in the applicable rate schedules specified in the customer's network service agreement.

Adjustments for Losses:

Capacity and energy losses incurred in connection with the transmission and delivery of power and energy under this rate schedule shall be supplied by the customer in accordance with the network service agreement.

Modifications:

The Desert Southwest Customer Service Region may modify the charges for Network Service upon written notice to the transmission customer. Any change to the charges to the transmission customer for Network Service shall be as set forth in a revision to this rate schedule promulgated under applicable Federal laws, regulations, and policies and made part of the applicable network service agreement.

RATE SCHEDULE DSW-NTS3

**NETWORK INTEGRATION SERVICE
PARKER – DAVIS PROJECT**

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
DESERT SOUTHWEST CUSTOMER SERVICE REGION**

**NETWORK INTEGRATION TRANSMISSION SERVICE
ON THE PARKER-DAVIS PROJECT**

Effective:

The first day of the first full billing period beginning on or after October 1, 2011, through September 30, 2016.

Available:

In the area served by the Parker-Davis Project (P-DP) transmission facilities.

Applicable:

To Network Integration Transmission Service (Network Service) customers where capacity and energy are supplied to the P-DP transmission system from designated resources, transmitted subject to the availability of the transmission capacity; and delivered, less losses, to designated points of delivery on the P-DP system specified in the network service agreement.

Character and Conditions of Service:

Alternating current at 60 hertz, three-phase, delivered and metered at the voltages and points of delivery established by the network service agreement.

Monthly Rate:

Network Service Charge: Each contractor shall be billed an amount based on the contractor's load ratio share times one-twelfth of the P-DP annual revenue requirement. The load ratio share will be determined by the contractor's coincidental peak load averaged with the coincidental

peak loads of the previous 11 months divided by the average P-DP system peak for the same time period.

Revenue Requirement:

The projected annual revenue requirement allocated to transmission for FY 2012 for the P-DP is \$38,192,809. Based on updated financial and load data, a recalculated revenue requirement will go into effect on October 1 of each year during the effective rate schedule period.

Adjustment for Ancillary Services:

Network Service is offered under Western's Open Access Transmission Tariff and contractors are responsible for all ancillary services set forth in the applicable rate schedules specified in the customer's network service agreement.

Adjustment for Losses:

Capacity and energy losses incurred in connection with the transmission and delivery of power and energy under this rate schedule shall be supplied by the customer in accordance with the network service agreement.

Modifications:

The Desert Southwest Customer Service Region may modify the charges for Network Service upon written notice to the transmission customer. Any change to the charges to the transmission customer for Network Service shall be as set forth in a revision to this rate schedule promulgated under applicable Federal laws, regulations, and policies, and made part of the applicable network service agreement.

RATE SCHEDULE DSW-SD3

**SCHEDULING, SYSTEM CONTROL,
AND DISPATCH SERVICES**

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
DESERT SOUTHWEST CUSTOMER SERVICE REGION**

SCHEDULING, SYSTEM CONTROL, AND DISPATCH SERVICE

Effective:

The first day of the first full billing period beginning on or after October 1, 2011, through September 30, 2016.

Available:

In the area served by the Western Area Lower Colorado (WALC) Balancing Authority (BA).

Applicable:

To transactions with entities not taking transmission service over the Federal transmission system in WALC. For entities taking transmission service from Western in the WALC BA, the Scheduling, System Control, and Dispatch Service (Scheduling Service) charge is included in the transmission rate.

Character of Service:

Scheduling Service is required to schedule the movement of power through, out of, within, or into the WALC BA.

Formula Rate:

The charges for Scheduling Service are to be based on the following formula rate where the Rate per Schedule equals:

$$\text{Cost per Schedule} = \frac{\text{Annual Cost of Scheduling Personnel and Related Costs}}{\text{Number of Schedules per Year}}$$

Rate Schedule DSW-SD3
Schedule 1 to Tariff
(Supersedes Rate Schedule DSW-SD2)

The numerator captures the personnel costs associated with providing Scheduling Service, as well related costs including annual capital costs associated with providing Scheduling Service.

The denominator captures the total number of schedules per year.

Rate:

The rate charged for the Scheduling Service is \$26.32 per Schedule. This rate is based on FY 2010 financial and load data, and will be in effect October 1, 2011, through September 30, 2012. Based on updated financial and load data, a recalculated rate will go into effect on October 1 of each year during the effective rate period.

The Desert Southwest Customer Service Region's charge for Scheduling Service may be modified upon written notice to the customer and any change to the charges for the service shall be as set forth in a revision to this rate schedule promulgated under applicable Federal laws, regulations, and policies and made part of the applicable service agreement.

RATE SCHEDULE DSW-RS3

**REACTIVE SUPPLY AND VOLTAGE CONTROL
FROM GENERATION SOURCES SERVICE**

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
DESERT SOUTHWEST CUSTOMER SERVICE REGION**

**REACTIVE SUPPLY AND VOLTAGE CONTROL FROM
GENERATION SOURCES SERVICE**

Effective:

The first day of the first full billing period beginning on or after October 1, 2011, through September 30, 2016.

Available:

In the area served by the Western Area Lower Colorado (WALC) Balancing Authority (BA).

Applicable:

To all customers in the WALC BA taking transmission service under the Open Access Transmission Tariff. The customer must purchase this service from WALC, unless the entity has a separate generation agreement to supply Reactive Supply and Voltage Control from Generation Sources Service (Voltage Support Service) to WALC.

Character of Service:

Voltage Support Service is needed to maintain transmission voltages on all transmission facilities within acceptable limits. To accomplish this, generation facilities under the control of the WALC BA are operated to produce or absorb reactive power.

Formula Rate:

The charges for Voltage Support Service are based on the following formula rate.

$$\text{VAR Support Rate} = \frac{\text{Total Annual Revenue Requirement for Service}}{\text{Load Requiring VAR Support Service}}$$

Rate Schedule DSW-RS3
Schedule 2 to Tariff
(Supersedes Rate Schedule DSW-RS2)

The revenue requirement for the service is the sum of the service for each generation project in WALC, determined by multiplying the generation revenue requirement by one minus the power factor for the supplying plants.

The load requiring Voltage Support Service equals long-term firm transmission reservation data for both P-DP and that portion of Colorado River Storage Project (CRSP) located in WALC, and subtracts for those reservations by entities with generation agreements to supply Voltage Support Service to WALC.

Rate:

The rate to be in effect October 1, 2011, through September 30, 2012, is:

Monthly:	\$0.058 /kWmonth
Weekly:	\$0.013 /kWweek.
Daily:	\$0.0019 /kWday
Hourly:	0.0798 mills/kWh

This rate is based on the above formula and on FY 2010 financial and load data, and will be adjusted annually as new data becomes available and will go into effect October 1 of each year.

The Desert Southwest Customer Service Region (DSWR) charges for Voltage Support Service may be modified upon written notice to the customer. Any change to the charges for Voltage Support Service shall be as set forth in a revision to this rate schedule promulgated under applicable Federal laws, regulations, and policies and made part of the applicable service agreement. DSWR shall charge the customer in accordance with the rate then in effect.

RATE SCHEDULE DSW-FR3
REGULATION AND FREQUENCY RESPONSE SERVICE

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
DESERT SOUTHWEST CUSTOMER SERVICE REGION**

REGULATION AND FREQUENCY RESPONSE SERVICE

Effective:

The first day of the first full billing period beginning on or after October 1, 2011, through September 30, 2016.

Applicable:

Regulation and Frequency Response Service (Regulation Service) is necessary to provide for the continuous balancing of resources, generation and interchange with load, and for maintaining scheduled interconnection frequency at sixty cycles per second (60 Hz). Regulation Service is accomplished by committing on-line generation whose output is raised or lowered as necessary, predominantly through the use of automatic generation control equipment, to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Western Area Lower Colorado (WALC) Balancing Authority (BA) operator. Customers (Federal transmission customers and customers on others' transmission systems within WALC) with conforming loads must purchase this service from WALC or make alternative comparable arrangements to satisfy their Regulation Service obligations. Customers with non-conforming loads will be charged differently as stated below. A non-conforming load is defined as a single plant or site with a regulation capacity requirement of 5 megawatts (MW) or greater on a recurring basis and whose capacity requirement is equal to 10 percent or greater of

its average load.

The charges for Regulation Service are outlined below.

Types:

There are four different applications of this Formula Rate:

1. Load-based Assessment: The rate is reflected in the "Formula Rate" section and is applied to entities that serve load within the WALC BA. This load-based rate is assessed on an entity's auxiliary load (total metered load less Federal entitlements) and is also applied to the installed nameplate capacity of all intermittent generators within WALC that also serve load within WALC.
2. Exporting Intermittent Resource Requirement: An entity that exports the output from an intermittent resource to another BA is required to dynamically meter or dynamically schedule that resource out of WALC to another BA.
3. Self-Provision Assessment: Western allows entities with automatic or manual generation control to self-provide for all or a portion of their loads. Typically, entities with generation control are known as Sub-Balancing Authorities (SBA) and should meet all of the following criteria:
 - a. Have a well-defined boundary, with WALC-approved revenue-quality metering, accurate as defined by NERC, to include MW flow data availability at 6-second or smaller intervals.
 - b. Have Automatic Generation Control capability.

- c. Demonstrate Regulation Service capability.
- d. Execute a contract with the WALC BA to:
 - i. Provide all requested data to the WALC BA.
 - ii. Meet SBA Error Criteria as described under section 3.1 below.

3.1. Self-provision is be measured by use of the entity's 1-minute average Area Control Error (ACE) to determine the amount of self-provision. The assessment is calculated every hour and the value of ACE is used to calculate the Regulation Service charges as follows:

- a. If the entity's 1-minute average ACE is \leq than 0.5 percent of the entity's hourly average load, no Regulation Service charges is assessed by WALC.
- b. If the entity's 1-minute average ACE is \geq 1.5 percent of the entity's hourly average load, WALC assesses Regulation Service charges to the entity's entire load, using the Load-based rate.
- c. If the entity's 1-minute average ACE is $>$ 0.5 percent of the entity's hourly average load, but $<$ 1.5 percent of the entity's hourly average load, WALC assesses Regulation Service charges based on linear interpolation of zero charge and full charge, using the Load-based rate.
- d. Western monitors the entity's self-provision on a regular basis. If Western determines that the entity has not been attempting to self-regulate, Western

will, upon notification, employ the Load-based assessment methodology described in section 1 above.

4. Other Self- or Third-party Supply: Western may allow an entity to supply some or all of its required regulation or contract with a third party to do so, even without well-defined boundary metering. This entity must have revenue quality metering at every load and generation point, accuracy as defined by NERC, to include MW flow data availability at 6-second (or smaller) intervals. WALC will evaluate the entity's metering, telecommunications and regulating resource, as well as the required level of regulation, and determine whether the entity qualifies to Self-supply under this provision. If approved, the entity is required to enter into a separate contract with WALC, which will specify the terms of the self-supply agreement.

Formula Rate:

Load-based Formula Rate, applicable to No. 1 and No. 3 as described above in the "Types" section of this rate schedule:

$$\begin{array}{lcl} \text{WALC} & & \text{Total Annual Revenue Requirement for Regulation} \\ \text{Regulation} & = & \hline \text{Rate} & & \text{Load in the Balancing Authority Requiring Regulation} \\ & & \text{Plus the Nameplate of Intermittent Resources} \end{array}$$

Rate Schedule DSW-FR3
Schedule 3 to Tariff
(Supersedes Rate Schedule DSW-FR2)

Rates:

Load-Based Rate

The rate to be in effect October 1, 2011, through September 30, 2012, for Nos. 1 and 3, as described above in the "Types" section of this rate schedule is:

Monthly:	\$0.1646/kW-month
Weekly:	\$0.039861/kW-week
Daily:	\$0.0054117/kW-day
Hourly:	\$0.0002255/kWh

This rate is based on the above formula and on fiscal year 2010 financial and load data, and will be adjusted annually as new data become available. The above Load-Base Rated applies to conforming loads. Regulation Service for non-conforming loads, as determined by Western, must be delineated in a service agreement and charged an amount which includes the cost to procure the service and the additional amount required to monitor and supply this service.

WALC charges for Regulation Service may be modified upon written notice to customers. Any change to the Regulation Service charges will be listed in a revision to this rate schedule issued under applicable Federal laws, regulations, and policies and made part of the applicable service agreement. Western will charge customers under the rate then in effect.

RATE SCHEDULE DSW-EI3

ENERGY IMBALANCE SERVICE

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
DESERT SOUTHWEST CUSTOMER SERVICE REGION**

ENERGY IMBALANCE SERVICE

Effective:

The first day of the first full billing period beginning on or after October 1, 2011, through September 30, 2016.

Available:

In the area served by the Western Area Lower Colorado (WALC) Balancing Authority (BA).

Applicable:

To all customers receiving Energy Imbalance Service from the Desert Southwest Customer Service Region (DSWR) for the WALC.

Character of Service:

Provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within the WALC BA. The transmission customer and customers on non-Western transmission systems within WALC BA must either obtain this service from WALC, or make alternative comparable arrangements to satisfy its energy imbalance service obligation. The transmission customer must either purchase this service from the WALC BA, or make alternative comparable arrangements satisfactory to Western to meet its Energy Imbalance service requirements. Western may charge a transmission customer a penalty for either hourly energy imbalances under this Schedule DSW-EI3 or hourly generator imbalances under Rate Schedule

DSW-GI1 for imbalances occurring during the same hour, but not both, unless the imbalances aggravate rather than offset each other.

Formula Rate:

WALC has established a multiple tiered deviation bandwidth, based on the size of deviation and whether the deviation occurs in the on-peak or off-peak hours. For on-peak hours the deviation bands are as follows:

1. Deviations of plus or minus 1.5 percent of metered load, with a minimum of 0 to 4 MW, either over or under-delivery.
2. Deviations of plus or minus 1.5 to 7.5 percent of a customer's metered load, with a minimum of 4 to 10 MW either over or under-delivery.
3. Deviations of greater than plus or minus 7.5 percent of metered load, with a minimum of greater than 10 MW either over or under-delivery.

For off-peak deviations the deviation band is 7.5 percent to a negative 3 percent of metered load, with a minimum of 5 MW for under-deliveries and 2 MW for over-deliveries.

Normally, there are four scenarios for Energy Imbalance Service. They are (1) over-delivery within the bandwidth; (2) under-delivery within the bandwidth; (3) over-delivery outside the bandwidth; and (4) under delivery outside the bandwidth. There are different penalties and bandwidths imbalances that occur during on-peak and off-peak hours. During periods of BA operating constraints, Western reserves the right to eliminate credits for over-deliveries.

Within the bandwidth:

For Energy Imbalance within the bandwidth for both on-peak and off-peak, settlement between the existing customer and Western will be 100 percent of the energy imbalance. In lieu of financial settlement, equal to 100 percent of a weighted index price (described below), Western, at its discretion, may accept settlement in energy.

Outside the bandwidth:

For that portion of the customer's energy imbalance that is outside the bandwidth during on-peak hours, the settlement will be as follows:

1. For deviations of plus or minus 0 to 7.5 percent of metered load, with a 0 to 10 MW minimum, the settlement is 110 percent of the energy imbalance for under-deliveries and 90 percent of the energy imbalance for over-deliveries.
2. For deviations of greater than plus or minus 7.5 percent of metered load, with a minimum exceeding 10 MW, settlement is 125 percent of the energy imbalance for under-deliveries and 75 percent for over-deliveries.

In lieu of financial settlement, Western may, at its discretion accept settlement in energy.

Financial settlement will be equal to a weighted index price (described below). For on-peak deviations described above, settlement will be 110 percent of the weighted index price for under-deliveries, and 90 percent in the first tier. For on-peak deviations in the second tier, financial settlement will be equal to 125 percent of the weighted index price for under-deliveries and 75 percent of the weighted index price for over-deliveries. For deviations in the off-peak, settlements will be 110 percent of the weighted index price for under-deliveries, and 60 percent

Rate Schedule DSW-EI3
Schedule 4 to Tariff
(Supersedes Rate Schedule DSW-EI2)

of the weighted index price for over-deliveries. For financial settlement of transactions, the index used to calculate the settlement will be the Dow Jones Palo Verde average monthly index or an index identified on the Open Access Same-time Information System at the beginning of each fiscal year. Settlement for the hourly deviations will occur on a monthly basis.

The energy imbalance service compensation may be modified upon written notice to the customer. Any change to the customer compensation for energy imbalance service shall be as set forth in a revision to this schedule promulgated pursuant to applicable Federal laws, regulations, and policies and made part of the applicable service agreement. The DSWR shall charge the customer in accordance with the rate then in effect.

RATE SCHEDULE DSW-GI1
GENERATOR IMBALANCE SERVICE

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
DESERT SOUTHWEST CUSTOMER SERVICE REGION**

GENERATOR IMBALANCE SERVICE

Effective:

The first day of the first full billing period beginning on or after October 1, 2011, through September 30, 2016.

Available:

In the area served by the Western Area Lower Colorado (WALC) Balancing Authority (BA).

Applicable:

To all customers receiving Generator Imbalance Service from the Desert Southwest Customer Service Region (DSWR) for the WALC.

Character of Service:

Generator Imbalance Service is provided when a difference occurs between the output of a generator located within the Transmission Provider's BA and a delivery schedule from that generator to (1) another BA or (2) a load within the Transmission Provider's BA over a single hour. Western will offer this service, to the extent it is feasible to do so from its own resources or from resources available to it, when Transmission Service is used to deliver energy from a generator located within its BA. The transmission customer and customers on non-Western transmission systems within WALC must either obtain this service from Western, or make alternative comparable arrangements, which may include use of non-generation resources

capable of providing this service, satisfactory to Western to meet their Generator Imbalance Service obligation. Western may charge a transmission customer a penalty for either hourly generator imbalances under this Schedule DSW-GI1 or hourly energy imbalances under Rate Schedule DSW-EI3 for imbalances occurring during the same, but not both, unless the imbalances aggravate rather than offset each other.

Intermittent generators serving load outside WALC will be required to dynamically schedule or dynamically meter their generation to another BA. An intermittent resource, for the limited purpose of these rate schedules is an electric generator that is not dispatchable and cannot store its fuel source, and therefore, cannot respond to changes in demand or respond to transmission security constraints.

Formula Rate:

WALC has established a multiple tiered deviation bandwidth, based on the size of deviation and whether the deviation occurs in the on-peak or off-peak hours. The magnitude of all deviations will be based on metered generation. For on-peak hours the deviation bands are as follows:

1. Deviations of plus or minus 1.5 percent of the scheduled transaction, with a minimum of 0 to 4 MW,
2. Deviations of plus or minus 1.5 to 7.5 percent of the scheduled transaction, with a minimum 4 to 10 MW; and
3. Deviations of greater than plus or minus 7.5 percent of the scheduled transaction with a minimum of greater than 10 MW.

For off-peak deviations the deviation band is 7.5 percent to a negative 3 percent of the scheduled transaction, with a minimum of 5 MW for under-scheduling and 2 MW for over-scheduling.

Normally, there are four scenarios for Generator Imbalance Service. They are (1) over-generating within the bandwidth; (2) under-generation within the bandwidth; (3) over-generation outside the bandwidth; and (4) under-generation outside the bandwidth. There are different penalties and bandwidths for imbalances that occur during on-peak and off-peak hours. During periods of BA operating constraints, Western reserves the right to eliminate credits for over deliveries. Additionally, parties who over or under deliver may share in potential penalty costs assessed against Western for operation outside of established utility guidelines.

Within the bandwidth:

For Generator Imbalance within the bandwidth for both on-peak and off-peak, settlement will be 100 percent of the imbalance. In lieu of financial settlement, equal to 100 percent of a weighted index price (described below), Western, at its discretion, may accept settlement in energy.

Outside the bandwidth:

For that portion of the customer's generator imbalance that is outside the bandwidth during on-peak hours, the settlement will be as follows:

1. For deviations of plus or minus 0 to 7.5 percent of a scheduled transaction, with a 0 to 10 MW minimum, the settlement is 110 percent of the imbalance for under-generation and 90 percent of the energy imbalance for over-generation.

2. For deviations of greater than plus or minus 7.5 percent of a scheduled transaction, with a minimum exceeding 10 MW, settlement is 125 percent of the imbalance for under-generation and 75 percent for over-generation.

In lieu of financial settlement, Western may, at its discretion accept settlement in energy.

Financial settlement will be equal to a weighted index price (described below). For on-peak deviations described above, settlement will be 110 percent of the weighted index price for under-generation, and 90 percent for over-generation in the first tier. For on-peak deviations in the second tier, financial settlement will be equal to 125 percent of the weighted index price for under-generation and 75 percent of the weighted index price for over-generation. For deviations in the off-peak, settlement will be 110 percent of the weighted index price for under-deliveries, and 60 percent of the weighted index price for over-deliveries.

As an exception, an intermittent resource will be exempt from the outer deviation band. All deviations greater than 1.5 percent of metered generation in the on-peak hours will be subject to a 10 percent penalty. An intermittent resource, for the limited purpose of these rate schedules is an electric generator that is not dispatchable and cannot store its fuel source, and therefore, cannot respond to changes in demand or respond to transmission security constraints.

For financial settlement of transactions, the index used to calculate the settlement will be the Dow Jones Palo Verde average monthly index or an index identified on the Open Access Same-time Information System at the beginning of each fiscal year. Settlement for the hourly deviations will occur on a monthly basis.

The generator imbalance service compensation may be modified upon written notice to the customer. Any change to the customer compensation for generator imbalance service shall be as set forth in a revision to this schedule promulgated pursuant to applicable Federal laws, regulations, and policies and made part of the applicable service agreement. The DSWR shall charge the customer in accordance with the rate then in effect.

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RATE SCHEDULE DSW-SPR3

OPERATING RESERVES – SPINNING RESERVE SERVICE

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
DESERT SOUTHWEST CUSTOMER SERVICE REGION**

OPERATING RESERVE - SPINNING RESERVE SERVICE

Effective:

The first day of the first full billing period beginning on or after October 1, 2011, through September 30, 2016.

Available:

In the area served by the Western Area Lower Colorado (WALC) Balancing Authority (BA).

Applicable:

To all customers receiving Spinning Reserve Service from the Desert Southwest Customer Service Region (DSWR) for the WALC BA.

Character of the Service:

Spinning reserve service (Spinning Service) is needed to serve load immediately in the event of a system contingency. Spinning Service may be provided by generating units that are on-line and loaded at less than maximum output. The transmission customer must either purchase this service from the Western WALC BA, or make alternative comparable arrangements satisfactory to Western to meet its Spinning Service requirements.

Formula Rate:

Spinning Service will not be available from DSWR resources on a long-term basis. If a customer cannot self-supply or purchase this service from another provider, Western may obtain the Spinning Service on a pass-through cost basis at market price plus a charge that covers the cost of procuring and supplying the service. The transmission customer will be responsible for the transmission service to get Spinning Service to the designated point of delivery.

Cost for Spinning Service = market price + cost to procure service.

RATE SCHEDULE DSW-SUR3

**OPERATING RESERVES – SUPPLEMENTAL RESERVE
SERVICE**

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
DESERT SOUTHWEST CUSTOMER SERVICE REGION**

OPERATING RESERVE - SUPPLEMENTAL RESERVE SERVICE

Effective:

The first day of the first full billing period beginning on or after October 1, 2011, through September 30, 2016.

Available:

In the area served by the Western Area Lower Colorado (WALC) Balancing Authority (BA).

Applicable:

To all customers receiving supplemental reserve service from the Desert Southwest Customer Service Region (DSWR) for the WALC BA.

Character of the Service:

Supplemental Reserve Service (Supplemental Service) is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load. Supplemental Service may be provided by generating units that can be synchronized to the system within 10 minutes and loaded within 30 minutes. The transmission customer must either purchase this service from the WALC BA, or make alternative comparable arrangements satisfactory to Western to meet its Supplemental Service requirements. The charges for Supplemental Service are referred to below.

Formula Rate:

Supplemental Service will not be available from DSWR resources on a long-term basis. If a customer cannot self-supply or purchase this service from another provider, Western may obtain the Supplemental Service on a pass-through cost basis at market price plus a charge that covers the cost of procuring and supplying the service. The transmission customer will be responsible for the transmission service to get Supplemental Service to the designated point of delivery.

Cost for Supplemental Service = market price + cost to procure service.